THE GREAT WESTERN RAILWAY

OF

CANADA.

CONDITION OF THE SUBSCRIPTION LIST.

1851.

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The Capital, which the Company may raise by Subscription under the Acts of the Parliament of Canada, incorporating it—the Act 8 Vict. c. 86, s. iv., provides—may equal, but shall not exceed (60,000 *Shares of £.25 Currency each*), or . . Currency £.1,500,000

The Capital required to complete the whole Line, according to the Report of the Chief Civil Engineer, Charles R. Stuart. Esq., dated September 1st, 1847, and very recently confirmed by the present Acting Engineer, R. G. Benedict, Esq., will not exceed . . . . . Currency £.1,250,000

The Stock taken and engaged to be taken, according to the information in possession of the Agents in England, Mr. Buchanan and Mr. Atcheson, at the close of the last year, amounted to 41,347 Shares, or . . . . . Currency £.1,033,675

But this amount was subject to contingencies, which rendered a revision of the Subscription List necessary.

The Railway Guarantee Act of the Parliament of Canada, (12 Vic. cap. xxix.) empowers the Governor in Council, on behalf of the Province, to guarantee the interest on loans raised by any Company, chartered by the Legislature for the construction of a line of Railway, not less than 75 miles in length, within the Province, on condition:—That the rate of interest guaranteed shall not exceed six per cent. per annum,—that the sum on which interest shall be guaranteed, shall not be greater than that expended by the Company before the guarantee is given, and shall be sufficient to complete the road to the satisfaction of the Commissioners of Public Works:—that no guarantee shall be given, until one-half of the line shall have been completed,—that the payment of the guaranteed interest shall be the first charge upon the earnings of the Company,—that no dividend shall be declared so long as any part of the guaranteed interest remains unpaid; and that a sum equal to three per cent. on the principal, shall be annually set aside out of the surplus profits, as a fund for the redemption of the Loan.

The provisions of this Act, therefore, opened three courses to the Directors:—

I.—To attempt the completion of the subscription to the full extent of the capital, authorised to be raised, without calling up the full amount subscribed.

II.—To reduce the present and promised subscription to two thirds of that amount, £1,000,000, calling up the whole amount subscribed, and borrowing the balance under the provisions of the above Act.

III.—To reduce the subscription to one-half of the authorised amount—£.750,000, borrowing the other half or an amount sufficient to complete the work.

But, as the expenditure of £.625,000 in the completion of half the line, entitled the Company to the Guarantee of the Provincial Government on the loans, necessary to complete the other half—there was clearly no absolute necessity to seek new Subscriptions either in England, if the feeling of this Country was adverse to the undertaking, or elsewhere; while the adoption of the second or third course above mentioned, besides rendering the Company independent of further subscriptions, placed in their power some important advantages, *viz.*,

First.—The reduction of the amount of stock capable of being thrown upon the Share Market, in this country, or the United States.

Second.—Increased facilities for negotiating the debentures of the Municipalities in the Province, that had subscribed to the Company's stock.

Third.—Additional and important inducements to capitalists to take the Company's debentures with the guarantee of the Provincial Government; and a large reduction in the amount of the guarantee necessary to be obtained.

Fourth.—Certainty in the periods, when the guarantee will be required, and the means of enabling the Provincial Government to arrange the issue of these debentures at the times and in the mode most favourable for their negotiation to the best advantage.

Upon a careful review of all the circumstances, and after a strict revision of the Subscription List, The Directors resolved to adopt the second course, and to limit the present amount of capital to be raised by Subscription, to £.1,000,000 Currency, or 40,000 Shares, being two-thirds of the amount authorised by the 8th Vict. c. 86.

Of this amount, 30,000 Shares were appropriated for Subscription in Canada and the United States. The remaining 10,000 Shares were reserved for Subscription in Great Britain.

In deciding on the issue of 40,000 Shares, rather than 30,000, which would have been more than sufficient to entitle the Company to the Provincial guarantee for a sum exceeding the amount neces-

sary to complete and equip the Railway. The Directors were influenced by their desire and that of many active and zealous promoters of the undertaking, that the Subscription in this country should not be less than that in the United States

If the feeling of this country, however, is not favourable to the undertaking, and any of these Shares ultimately remain unsubscribed for, the completion of the whole Line, it is evident, is still secure. The deficiency will be made up, and more than made up, by the issue of guaranteed Debentures.

In this event, an addition may be made, when these Debentures are paid off, to each Subscriber's Stock, in the form of *bonus* or otherwise, with the further advantage of a corresponding increase in the market value of the Shares, resulting from the diminished number capable of being thrown on the Stock markets of this country and America.

Of the Shares appropriated for subscription in Canada and the United States, nearly the whole have already been subscribed for; at the same time, the payments upon them have been sufficient to warrant The Directors in extending the works for the construction of the Line. A force equal to three thousand men, besides the necessary engineers, agents, &c. &c. is now employed, and sanguine expectations are entertained that some portions of the Road will be open for traffic in the course of the present year, and that the whole line will be completed by the close of the ensuing year.

A brief statement will show the value of the Subscription of the Municipalities of Upper Canada, connected with the Line, and the ample security provided for the holders of the Debentures of these bodies.

Upper Canada is divided into Counties. These are subdivided into Townships. Each Township is a distinct corporation. The Counties are also corporate bodies, governed by a Council, composed of the Reeves or heads of the several Townships within their respective limits. The Cities and chief towns are likewise incorporated.

All these Municipalities have, by statute, certain specified powers to incur pecuniary liabilities for *local purposes*. These local purposes do not of course comprise the construction of Railways, or contributions to the Stock of Railway Companies; but by an Act of the Legislature of Canada, which received the Royal Assent on the 23rd July, 1850, the Municipal Corporations of the Province were *specially* empowered "to subscribe for any number of Shares in the Capital Stock of THE GREAT "WESTERN RAILROAD COMPANY," and of that Company only,—"or to lend any sum of money to "the Company, or to guarantee and become security for any sum of money borrowed by it."

The same Act empowered the municipal corporation "of any County, City, Town, Township, or "Village, who shall subscribe for the Stock of THE GREAT WESTERN RAILWAY COMPANY, or shall "lend or guarantee the payment of any sum of money by it,—to cause to be assessed and levied, "upon the whole rateable property of the Municipality, sufficient sums to enable them to discharge "the debts and engagements contracted in regard thereto."

The Legislature of Canada, which has thus empowered the Municipalities of the Province to subscribe to the Stock of THE GREAT WESTERN RAILWAY COMPANY, has also provided the most stringent remedies for the payment of municipal liabilities, and for protecting the holders of municipal securities against *the possibility* of loss.

For the General Municipal Act, 12 Vic., c. 81, provides:—

That no Municipality shall pass a By-law for the creation of any debt, or the negotiation of any loan, without inserting a provision for a special annual rate (in addition to all other rates) for the payment of the debt or loan.

That such rate shall be sufficient, according to the value of the rateable property as shown by the then last assessment returns of the Municipality, to pay the loan and interest WITHIN TWENTY YEARS.

That the Municipality shall not repeal such By-law, or discontinue such rate during the existence of the debt.

That the rate, when levied, shall be first applied to the payment of so much of the debt as shall then be due, and the surplus funded in securities selected by the Governor in Council, for the special purpose of extinguishing the debt.

That any By-law, by which it shall be attempted to repeal any By-law for raising, or to alter or diminish the rate for the payment of, such loans and the interest thereof, shall be absolutely void.

That any Municipal Officer acting under such invalid By-law shall be guilty of a misdemeanor, and be punished by fine or imprisonment, or both.

In case of default in payment, judgment may be recovered against a Municipality as against an individual, by a speedy and inexpensive process: and the judgment creditor has the option either of selling, under execution, the goods and lands of the Corporation, or of ordering the sheriff, by endorsement on the execution, to levy the debt by rate; or he may first sell the Corporation property, and afterwards levy any unpaid balance by rate.

The sheriff, on being ordered to levy the debt by rate, is required by section 179, to notify the Corporation, and if the debt be not paid within a month, to strike a sufficient rate, according to the assessment of that year, and to issue his precept to the collectors of taxes to levy the same, in addition to the general rates for the year. By the same section, the clerk of the Municipality, assessors, and collectors are declared to be officers of the court, out of which the execution has issued, and made liable to summary punishment, by attachment, for neglect of duty.

From the above statement, it will be seen that the Municipalities of Upper Canada can neither evade nor postpone the payment of their debts, and that, in fact, the security of the holders of their debentures is *perfect*.

It is obvious too, that in a highly fertile country, like Upper Canada, where the progressive increase in population, and where the accumulation of property in amount and value, are exceedingly rapid,—a rate sufficient to pay a loan within twenty years, according to the assessment of rateable property at the time the loan is contracted, *must* discharge the debt greatly within that period.

The assessed value of rateable property in Upper Canada appears, by the Tables of the Government Board of Registration and Statistics, to have amounted,

In 1827, to .....£.2,142,847,

And in 1847—twenty years afterwards, to ...£.8,567,001.

Being an increase of nearly 400 per cent. This increase is shown by the Tables to have been effected by a steady annual advance. It is impossible, therefore, to doubt that the same yearly improvement will continue—or more probably, advance at a still more rapid rate, and thus render still more certain the extinction of Municipal engagements at a period very greatly within that contemplated by the Statute.

The following Statement, extracted from the Tables of the Government Board of Registration and Statistics, exhibits—

ANNUAL AMOUNT AND VALUE

Of all Articles Asssessed for Local Taxation in Upper Canada, under the several Assessment Laws of that portion of the Province, compiled from the Returns of the Clerks of the Peace, from the Year 1825 to 1847, both inclusive.

Years.	Population.	LANDS. Uncultivated: assessed value 4s. per acre.	LANDS. Cultivated:—assessed value £.1 per acre.	Houses of all kinds assessed.	GRIST MILLS. No. of Mills.	GRIST MILLS. Adm'l run of stones.	Merchants' Shops, and Store Houses.	Horses, Cows, Oxen, Young Cattle.	Saw Mills.	Carriages kept for Pleasure.	Amount of Assessed Value of Property.	Gross Amount of all Local Taxes.
											£.	£.
1825	158,027	2,500,304	535,212	8,876	232	71	510	121,206	394	587	2,256,874	10,235
1826	164,703	2,641,725	614,254	9,732	250	80	544	137,435	422	582	2,409,064	9,940
1827	175,128	2,826,070	632,667	9,889	262	94	547	149,915	460	750	2,442,847	11,509
1828	186,345	2,977,807	678,618	10,183	74	98	616	155,654	515	968	2,579,083	12,533
1829	196,704	3,008,777	717,552	11,291	296	102	676	164,274	535	982	2,735,783	12,732
1830	211,567	3,244,410	775,014	12,082	273	121	839	178,853	555	986	2,929,269	13,355
1831	234,681	3,570,389	818,432	13,035	291	135	852	187,967	533	1111	3,143,4 4	15,320
1832	260,992	3,799,014	916,173	14,550	320	152	950	203,468	671	1203	3,415,822	16,503
1833	296,870	4,115,253	981,055	16,446	307	173	1130	213,250	723	1421	3,796,040	18,397
1834	320,735	4,171,995	1,034,816	16,771	328	192	1080	220,550	788	1409	3,918,712	19,806
1835	346,105	4,476,368	1,308,508	18,488	352	199	1099	243,218	753	1495	3,880,994	22,464
1836	372,502	4,847,406	1,285,133	20,951	356	227	1181	268,827	902	1720	4,605,103	23,169
1837	396,724	4,736,268	1,453,556	22,057	366	233	1315	278,143	800	1627	4,431,098	24,337
1838	385,821	4,353,890	1,206,493	19,513	359	251	1016	243,814	774	1467	4,282,544	24,077
1839	407,515	5,113,423	1,587,676	25,049	420	298	1159	298,364	953	1769	5,345,372	33,210
1840	427,441	5,260,014	1,710,060	25,857	420	294	1253	315,576	963	1863	5,607,426	37,465
1841	465,3[illegible]	5,310,103	1,740,664	27,960	443	334	1356	350,633	980	1936	6,269,398	43,908
1842	486,0[illegible]	5,548,357	1,916,319	31,638	455	359	1463	388,934	982	2188	6,913,341	58,354
1843	No Cen.	5,783,197	1,993,659	33,190	451	375	1484	415,105	1169	2648	7,155,324	64,849
1844		5,845,935	2,166,101	35,631	465	369	1586	422,822	1246	3042	7,556,514	74,736
1845		6,072,076	2,311,238	37,214	478	417	1810	441,927	1272	3810	7,778,917	76,291
1846		6,182,419	2,464,704	39,625	492	426	2048	460,415	1401	4510	8,236,677	84,137
1847	.....	6,477,338	2,673,820	42,937	527	475	2124	481,417	1489	4685	8,567,001	86,058
1848	723,332											

This Table does not show the *increase in the value or market price of each class of articles assessed for local taxation* in Upper Canada, but *merely the increase in its amount or quantity, and the consequent increase in the product of the assessment*,—inasmuch as the assessments are made on a fixed valuation according to a scale laid down in a statute passed long anterior to 1825.

It places, however, in the clearest light, this important fact;—that an annual assessment on the same classes of articles, at a fixed or stationary rate of valuation, which produced

In 1827, ... £.11,509

,, 1832,—five years afterwards, produced nearly FIFTY per cent. more, or 16,503

,, 1837,—ten years afterwards, upwards of ONE HUNDRED per cent. more, or 24,337

and consequently;—that a rate which provides for the extinction of a Municipal Debt in TWENTY, will in all probability, ensure its PAYMENT IN TEN YEARS.